City Council of Peachtree City
Minutes of Meeting
September 3, 1998
7:00 p.m.

The City Council of Peachtree City met in a regular session Thursday, September 3, 1998, at 7:00 p.m. in the City Hall Council Chambers.

Mayor Lenox led those attending in the pledge of allegiance. Other council members present were: Carol Fritz, Annie McMenamin, Bob Brooks and Jim Pace.

ANNOUNCEMENTS, AWARDS, SPECIAL RECOGNITION

Mayor Lenox presented the Employee of the Month Award to Firefighter/Paramedic Mark Lamons.

Mayor Lenox read a proclamation for Kids Day America/International.

Mayor Lenox recognized Lois Landy, former member of the Commission on Children and Youth.

ADDITIONAL AGENDA ITEMS

Mayor Lenox made a motion to add agenda item 98-09-04 to consider the Surplus of Confiscated Vehicles. Fritz seconded the motion. Motion carried unanimously.

MINUTES

Pace made a motion to approve the minutes of August 13, 1998 as presented. Brooks seconded the motion. Motion passed unanimously with McMenamin abstaining due to her absence from that meeting.

McMenamin made a motion to approve the minutes of August 20, 1998, as presented. Fritz seconded the motion. Motion passed unanimously.

OLD AGENDA ITEMS

There were no old agenda items.

NEW AGENDA ITEMS

09-98-1 Public Hearing - FY 99 Budget

Basinger explained that staff had presented a draft of the 1999 Budget and Five-Year Public Improvement Program at a workshop held on July 23. He said the total budget at that time was projected to be $20,385,106 and he explained that since that time, over $500,000 in 1998 Public Improvement Program funds had been expended, which reduced carryover funds from 1998 to 1999 accordingly. He said while there had been a significant decrease in the total budget due to reduced PIP carryover funds, there had also been an increase in the salary line item.

Basinger reminded Council that at the workshop staff had explained that funds were being budgeted for a Pay Plan Amendment in reaction to increases in salaries by the Fayette County Commission based on their ARC salary survey. He said since that time the City of Fayetteville had raised salaries for Police and Fire employees to a point that forced staff to propose a modification to the revision that was presented at the workshop. He said the proposed revision was detailed in Attachment 2 of the cover letter to the budget, which had been provided to Council prior to the meeting.

Basinger explained he would give a brief overview of the budget that night without getting into much detail since the budget had been presented in detail at the workshop on July 23, 1998. He said the proposed total budget was $ 19,771,565 and included three quarters of a million dollars in Operating Cash Reserve carryover funds that would enable the city to remain operating on a cash basis. He said the budget also included $2,209,782 in PIP carryover funds from 1998, and over one million dollars in Self Insurance carryover funds. He explained that carryover funds comprised a large part of the City's budget each year. Basinger said the Council Contingency Fund was set at $500,000.

He explained that General Fund revenues were projected to total $13,896,843 compared to $13,105,654 for the previous year, an increase of $800,000 or 6.04 percent. Major sources of revenue continue to be Local Option Sales Taxes and Ad Valorem Property taxes. He said staff was projecting a decrease in building permits based on build out and the resulting decrease in new home construction. Basinger said the largest revenue source in the General Fund was Ad Valorem Property taxes. He explained that the amount of property tax paid was based on the millage rate set by Council which was currently set at 4.06 mills. He said the proposed budget was based on the current millage rate. He said tentative plans were for Council to set the millage for this budget at a special called meeting on September 24.

Basinger reviewed significant aspects of the budget that comprised the major increases in the Operating Budget which had a total increase was 6.35 percent. He explained that to be able to fund these increases, there had to be little or no increase in other expense areas of the budget. He said the total proposed Operating Budget was $10,179,154. Police, Fire, EMS, Library and Recreation had significant increases; due to personnel and pay plan costs, along with the cost of operating the expansion area of the Library. He explained a reduction in the budget for self-supporting Recreation Programs was to accurately reflect the amount expended and collected in that area and would not result in a reduction in programs. He said since that area was self supporting, an inflated figure would only inflate the total budget.

Next, Basinger compared the division budgets. Fire, EMS, Police and Communications were grouped under Public Safety Services, and, accounted for the a lion's share of the Operating Budget. He said with the emphasis on Recreation in the community, that budget was also significant.

Basinger said the Five-Year Public Improvement Program (PIP), had also been discussed in detail at the previous budget workshop. He said if the budget was approved that night the PIP for 1999 would be set. He explained that the other four years were subject to change each year as each budget was considered by Council. He explained that a change to the 1999 PIP was for Project

99-13, Leach Fire Station, which had been increased to just over $40,000. He said the Contingency carryover had been increased to $121,350. Basinger explained a key funding aspect of the PIP was $350,000 in Development Impact Fees that would be collected for the 399 apartments that were anticipated to be constructed on the Westside that fiscal year.

Basinger concluded his presentation and recommended Council approve the Budget and the Five-Year Public Improvement Program. Lenox noted that significant increases in the budget were in the areas of Police, Fire, Recreation, and Library Services, all of which were service delivery functions. He also mentioned the new salary schedule for employees and said that it was the City's policy to hire and retain good people. He said the City expected above average and outstanding performance for its employees. Lenox thanked staff for their efforts in preparing the budget.

McMenamin made a motion to adopt the Fiscal Year 1999 Budget as presented. Pace seconded the motion. Motion carried unanimously.

09-98-2 Call for Special Meeting to Set Millage Rate

Lenox explained that the tax digest information for Peachtree City would be provided by the Tax Commissioner by Tuesday, September 8, 1998. He said the City would then need to advertise the proposed millage rate and property tax history for fourteen (14) days prior to the approval of the millage rate. Council discussed the best date for a Special Called City Council Meeting to set the 1998 millage rate and finally decided it would be held on Wednesday, September 23, 1998 at 7:00 p.m.

09-98-3 Discuss Insurance Program

Basinger explained that staff had requested that the City's insurance consultant, Joe Byrd, give Council a brief overview of the history of the City's self-insurance program, the current status of the program, and to advise Council of current market conditions. Basinger said staff would appreciate guidance and direction from Council as to whether or not to obtain quotes for a fully insured program and if so, what deductibles should apply.

Byrd said he began working with Peachtree City as a consultant in 1986. He said at that time insurance was in a "hard market" cycle, which meant prices were going up significantly. He said the Council was upset about rate increases and decided to establish a self insurance reserve fund so the City would not be subject to the ups and downs of the market cycle. Byrd explained that historically, the insurance market cycles change every 5 to 7 years, and that it had not seen a hard market cycle since 1986. He said Council went through a bid process in 1988 and decided to continue to be self insured. The next change in insurance took place in 1989 when Council decided to insure three high valued fire trucks with over $100,000 each. He explained that as result, a special insurance product, at that time, it was cheaper for the City to insure all Fire Department vehicles for liability and fire trucks for liability and propertyy damage than to obtain a separate property damage policy for the three fire trucks.

Byrd said the City also currently purchases insurance on all of its buildings and contents with a value over $100,000, as well as, workers compensation insurance. He said the City was self insurcd for all other automobile liability and property damage, general liability, and law enforcement/public official liability.

Byrd explained that Council budgets $250,000 a year to pay claims and that there was currently a surplus of $1,237,000 in the fund reserved to pay claims. He said Council may want to consider using some of that surplus to purchase additional insurance. He said the City had received an unsolicited proposal for $1 million of liability insurance which carried a $25,000 deductible at a price of $43,000. He projected claims to be $72,500 and therefore felt the City could be fully insured for $115,000 with a $25,000 deductible. He said if Council was not interested in a high deductible they could purchase full coverage for automobile and general liability insurance with a $10,000 deductible for law enforcement/public official for a $75,000 premium and a $45,000 Deductible claims for a total cost of $120,000.

Byrd asked Council if they would be interested in purchasing additional insurance. Lenox felt the self insurance program had served the City well. He believed it caused the City to be more rigorous in how it conducted its affairs. He was not interested in a fully insured program, but felt it would be beneficial to consider catastrophic insurance. Brooks agreed with Lenox and also requested staff to provide statistical data on the national claim average from other cities. He said while Peachtree City's claim history was good, he wanted to know what the City's exposure could be.

Byrd said, based on the market, it would not make sense to purchase a policy with a deductible higher than $25,000 because the premium savings would not justify the increased exposure. Webb said that when Council originally made the decision to be self insured, their ultimate goal was to be fortunate enough to use interest in the self insurance account to purchase catastrophic insurance. He felt it would be a good idea to also consider higher deductibles, such as $100,000 and $200,000.

Lenox instructed staff to provide figures based on a $25,000 deductible and a $100,000 deductible. He asked that they develop a net cost for the two ranges. He also felt Council should develop a policy for the reserve fund. Lenox did not think it would be necessary to go through the bid process to analyze the insurance program at this point.

98-09-4 Surplus Confiscated Vehicles

Basinger requested Council to surplus four vehicles confiscated by the Police Department to be sold by sealed bid. The vehicles are as follows:

1985 Chevrolet Camero
1982 Chevrolet Corvette
1991 Ford Ranger
1990 Honda Prelude

Basinger said funds acquired from the sale would be used to purchase two undercover vehicles that were currently being leased.

Pace made a motion to authorize the surplus and sale of the vehicles as requested. McMenamin seconded the motion. Motion carried unanimously.

COUNCIL/STAFF TOPICS

There were no council/staff topics to discuss.

Having no further business to conduct, Lenox made a motion to adjourn the meeting. Brooks seconded the meeting. Meeting adjourned at 7:45 p.m.

Nancy Faulkner

Nancy Faulkner, City Clerk

Attest: Robert L. Lenox

Mayor